

Message Text

UNCLASSIFIED

PAGE 01 BAGHDA 00533 110856Z
ACTION MMO-04

INFO OCT-01 AF-10 ARA-14 EA-12 EUR-12 NEA-10 IO-14
ISO-00 SOE-02 AID-05 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 DOE-11 H-02 INR-10 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 USIA-15 OES-07 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 PA-02 XMB-04 FRB-01
/200 W

-----069751 110900Z /21

P 110840Z MAR 78
FM USINT BAGHDAD
TO SECSTATE WASHDC PRIORITY 5826
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY BONN
AMEMBASSY CARACUS
AMEMBASSY DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA

UNCLAS BAGHDAD 0533

E.O. 11652: NA
TAGS: ENGR, OPEC, IZ
SUBJ: OIL MINISTER CALLS FOR ALTERNATIVE TO OPEC'S
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BAGHDA 00533 110856Z

DOLLAR PRICING

REF: CERP 4250

1. ACCORDING TO IRAQI NEWS AGENCY REPORT PUBLISHED
MARCH 9, OIL MINISTER ABDUL KARIM HAS CALLED FOR OPEC
TO FIND AN ALTERNATIVE SYSTEM TO DOLLAR PRICING, AND

SAID THAT IRAQ WILL SUPPORT ANY ALTERNATIVE -- WHETHER SDRS, THE "GENEVA BASKET" OR ANOTHER UNIT OF ACCOUNT -- WHICH WILL PRESERVE THE PURCHASING POWER OF OPEC OIL REVENUES.

2. HE SAID THAT ANY SOLUTION TO THE IMMEDIATE DOLLAR PROBLEM CANNOT OVERLOOK IMPORTED INFLATION. WHICH HAS ALSO DEVoured A LARGE PORTION OF THE PURCHASING POWER OF OIL REVENUES. AS A RESULT OF THE 160 PERCENT OR MORE INCREASE IN THE PRICE OF COMMODITIES IMPORTED BY OPEC COUNTRIES BETWEEN THE BEGINNING OF 1974 AND THE END OF 1977, THE REAL PURCHASING POWER OF OPEC'S MARKER CRUDE IS ACTUALLY 4.85 DOLLARS PER BARREL INSTEAD OF THE POSTED 12.70 DOLLARS. ABDUL KARIM REITERATED IRAQ'S POSITION THAT PRODUCTION PROGRAMMING IS NECESSARY TO INFLUENCE THE INTERNATIONAL OIL MARKET SO AS TO PROTECT OPEC'S PRICE STRUCTURE AND THE REAL PURCHASING POWER OF OIL REVENUES. EVEN THOUGH MOST OPEC COUNTRIES INDIVIDUALLY HAD DECREASED OUTPUT SINCE DECEMBER 1977, THIS ATTEMPT TO ABSORB THE OIL SURPLUS AND PROTECT PRICES HAD LACKED THE COORDINATION AND UNANIMITY NECESSARY TO MAKE IT EFFECTIVE. OPEC COUNTRIES MUST STAND UNITED IN THEIR EFFORTS TO RESIST THE CONSPIRACY OF THE U.S.-LED INTERNATIONAL ENERGY AGENCY TO DESTROY OPEC.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BAGHDA 00533 110856Z

3. COMMENT. THE OIL MINISTER'S STATEMENT IS THE FIRST TIME THAT THE GOI HAS SUPPORTED AN ALTERNATIVE TO DOLLAR PRICING. PREVIOUSLY THE IRAQIS WERE THOUGHT TO FAVOR OPEC'S CONTINUING TO USE THE DOLLAR AS THE UNIT OF ACCOUNT BUT INCREASING THE POSTED PRICES SUFFICIENTLY TO TAKE INTO ACCOUNT CHANGES IN EXCHANGE RATE AND "IMPORTED INFLATION."

MACK

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, DOLLAR, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BAGHDA00533
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780109-0575
Format: TEL
From: BAGHDAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780378/aaaacoax.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 12bf18c9-c288-dd11-92da-001cc4696bcc
Office: ACTION MMO
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3359080
Secure: OPEN
Status: NATIVE
Subject: OIL MINISTER CALLS FOR ALTERNATIVE TO OPEC'S UNCLASSIFIED UNCLASSIFIED
TAGS: ENRG, IZ, OPEC
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/12bf18c9-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014